

**BEFORE THE
NATURAL RESOURCES COMMISSION
OF THE
STATE OF INDIANA**

IN THE MATTER OF:

RULE TO HELP IMPLEMENT P.L. 151-2012)	Administrative Cause
(IC 14-18-1.5) RELOCATING THE STATE)	Number: 12-075K
LAND OFFICE AS A DNR DIVISION)	(LSA Document #12-555(F))

**REPORT ON RULE PROCESSING, PUBLIC HEARING, AND HEARING OFFICER
ANALYSES WITH RECOMMENDATIONS REGARDING FINAL ADOPTION**

1. RULE PROCESSING

For consideration is proposed 312 Ind. Admin. Code § 28 to assist with implementation of IC 14-18-1.5, as enacted by P.L. 151-2012, to relocate the State Land Office from the Department of Administration to the Department of Natural Resources as a new Division. The rule would provide that the State Land Office is administered within the Bureau of Lands and Cultural Resources. To the extent practicable and lawful, the functions of the State Land Office would be coordinated with those of DNR's Division of Land Acquisition. The rule would clarify that responsibilities directed by statute or rule to a "land office" or similar phrase are those of the State Land Office.

The Commission gave preliminary adoption to 312 IAC 28 on September 18, 2012. As reported in the pertinent portions of the September 18 minutes:

Consideration of preliminary adoption of new 312 IAC 28 to identify and govern the State Land Office, a new division within the Department of Natural Resources; Administrative Cause No. 12-075K

John Davis, Deputy Director for the Bureau of Lands and Cultural Resources, presented this item. He said the State Land Office "goes back to an era before Indiana was a State and sold property after the 1787 Northwest Ordinance and on through until land was pretty much conveyed out. The State Land Office has had the charge of tracking State-owned property, not just DNR property but all land owned by the State" excluding universities and the Indiana Department of Transportation. There are approximately a dozen land owners within State Government, "but by far the largest landowner is the Department of Natural Resources."

Davis said the Department of Administration was asked to support transfer of the State Land Office to the Department because the DNR is the largest customer. "Not very

many other agencies are in the process of acquiring land. We certainly are actively acquiring land.” With enactment of P.L. 151-2012, the State Land Office duties to service other State agencies will continue within the DNR structure. “We felt that since we were 95% of the business and almost all of the effort that the State Land Office puts out, it should be under DNR.” Also, “we want to have an official and compelling relationship with all counties so that they will report State ownership to the State Land Office in the form prescribed by the State Land Office.” Proposed 312 IAC 28 provides a framework to later set the reporting process. “It’s not a very complex issue, but this will be a huge, huge benefit to us. I can’t tell you how many different parcels of land we own around the State. We own almost one-half million acres, but many of those came in tiny parcels so we have dozens of tax statements that go to all sorts of places. Sometimes they come to our office. Sometimes they go to a tax address that DNR used to occupy 50 years ago when we were the Department of Conservation.” In the next two years, the Department and the Counties will draft additional rule proposals to establish a uniform reporting system. Davis recommended the proposed rules in the Commission packet be given preliminary adoption.

Michael Cline moved to give preliminary adoption to rules adding 312 IAC 28 governing the State Land Office, a new division within the Department of Natural Resources. Donald Ruch seconded the motion. Upon a voice vote, the motion carried.

The “Notice of Intent” to adopt 312 IAC 28 was posted to the INDIANA REGISTER at 20121010-IR-312120555NIA on October 10, 2012. The notice identified John Davis as the “small business regulatory coordinator” for purposes of IC § 4-22-2-28.1.

As specified by the Executive Order that then applied, proposed fiscal analyses of the rule proposal were submitted, along with a copy of the proposed rule language and a copy of the posted Notice of Intent, to the Office of Management and Budget on October 11, 2012. In a letter dated November 19, 2012, Adam M. Horst, Director, Office of Management and Budget, recommended that the proposed rule amendments be approved.

On December 18, 2012, the Division of Hearings submitted the rule proposal to the Legislative Services Agency, along with the “Statement Concerning Rules Affecting Small Business” (also known as the “Economic Impact Statement”). The Notice of Public Hearing was submitted to the Legislative Services Agency on December 21, 2012. On January 2, 2013, the following were posted to the INDIANA REGISTER: the text of the proposed rule at 20130102-IR-312120555PRA; the notice of public hearing at 20130102-IR-312120555PHA; and the Economic Impact Statement at 20130102-IR-312120555EIA. Following receipt of an “Authorization to Proceed” from the Legislative Services Agency on December 21, 2012, the Division of Hearings caused a Notice of Public Hearing to be published by the Indianapolis Newspapers in the Indianapolis

Daily Star, a newspaper of general circulation in Marion County Indiana, on January 18, 2013. In addition, the Commission's rulemaking docket (<http://www.in.gov/nrc/2377.htm>) was updated to include links to the published rule proposal, notice of the public hearing, and other information required by IC § 4-22-2-22.5.

The Statement Concerning Rules Affecting Small Businesses (the "EIS"), as required under IC § 4-22-2.1-5, and submitted by the Small Business Regulatory Coordinator, indicates:

Economic Impact Statement
LSA Document #12-555

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses
Estimated Number of Small Businesses Subject to this Rule:

Proposed [312 IAC 28](#) would help implement P.L.151-2012, which transferred the State Land Office from the Department of Administration to the Department of Natural Resources. The proposal would identify the structure of the State Land Office within the DNR, reference the purposes of the State Land Office, and assist with public understanding. Although a small business might be interested in the functionality of the State Land Office, the rule does not affect small businesses.

Estimated Average Annual Reporting, Record Keeping, and Other Administrative Costs Small Businesses Will Incur for Compliance:

There is no annual reporting, record keeping, or administrative costs associated with the proposed rule.

Estimated Total Annual Economic Impact on Small Businesses to Comply:

None.

Justification Statement of Requirement or Cost:

Not applicable.

Regulatory Flexibility Analysis of Alternative Methods:

Proposed [312 IAC 28](#) does not regulate small businesses.

Because there was no additional requirement or cost resulting from proposed 312 IAC § 28, the proposal was not submitted to the Indiana Economic Development Commission.

2. PUBLIC HEARING

A public hearing was convened as scheduled on February 27, 2013 to consider proposed 312 IAC § 28. Robert Mueller from the Department of Natural Resources and Max Stier were present to answer questions or respond to public comments. No member of the public attended,

and no comments were received by mail, online, or otherwise. The comment period was closed on March 4, 2013.

3. HEARING OFFICERS ANALYSES WITH RECOMMENDATIONS REGARDING FINAL ADOPTION

Proposed 312 IAC 28 does not impose regulatory requirements. The proposal would help identify the modern location of the State Land Office within the Department of Natural Resources, including specification that the State Land Office is within the Bureau of Lands and Cultural Resources. In addition, the rule encourages coordination of the functions of the State Land Office and the DNR's Division of Land Acquisition. Final adoption of 312 IAC § 28 is presented for consideration as to final adoption as published in the *Indiana Register* and attached in Exhibit A.

Dated: April 10, 2013

Stephen L. Lucas
Hearing Officer

TITLE 312 NATURAL RESOURCES COMMISSION

Final Rule
LSA Document #12-555(F)

DIGEST

Adds 312 IAC 28 to provide for the administration, definition, and purposes, including those necessary and appropriate to the performance of functions of the state land office under IC 14-18-1.5 and IC 36-9-27-86, of the State Land Office, a new division within the Department of Natural Resources, as anticipated by P.L.151-2012 (HEA 1279). Effective 30 days after filing with the Publisher.

312 IAC 28

SECTION 1. 312 IAC 28 IS ADDED TO READ AS FOLLOWS:

ARTICLE 28. STATE LAND OFFICE

Rule 1. Purposes and Administration

312 IAC 28-1-1 Purposes

Authority: IC 14-10-2-4; IC 14-18-1.5-6
Affected: IC 14-18-1.5; IC 36-9-27-86

Sec. 1. The purposes of this article are to assist with each of the following:

- (1) Implementation and administration of IC 14-18-1.5.**
- (2) The performance of functions of the state land office under IC 36-9-27-86(d).**
- (3) The identification of real property in which the state has a proprietary interest.**
(Natural Resources Commission; 312 IAC 28-1-1)

312 IAC 28-1-2 Administration

Authority: IC 14-10-2-4; IC 14-18-1.5-6
Affected: IC 14-9-3-1; IC 14-9-4-1; IC 14-18-1.5

Sec. 2. (a) The state land office shall be administered as a division of the department within the bureau of lands and cultural resources that was created by IC 14-9-3-1(2).

(b) To the extent practicable and lawful, the technical functions of the state land office shall be coordinated with those of the division of land acquisition established by IC 14-9-4-1(11).
(Natural Resources Commission; 312 IAC 28-1-2)

Rule 2. Definitions

312 IAC 28-2-1 Definitions

Authority: IC 14-10-2-4; IC 14-18-1.5-6

Affected: IC 14-18-1.5

Sec. 1. (a) The definitions in IC 14-8-2 and 312 IAC 1 apply throughout this article.

(b) In addition to the definitions referenced in subsection (a), “state land office” means the state land office established as a division of the department by IC 14-18-1.5-1 and any other reference in Indiana statute or rule to the state land office or land office.

(Natural Resources Commission; 312 IAC 28-2-1)